

# AVAD

- Largest distributor of consumer electronics in the U.S.
- Headquartered in California, 39 locations across the U.S. and Canada
- 250 employees in California
- California dealer base of 1,800 dealers (each of which could have its own employees)

# AVAD

- Based on information from the EPA web site and applying the new CEC 2013 standard, 50% of the displays (TVs) AVAD carries fail. None of the 50" or bigger displays currently meets the 2013 standard. Assuming that, conservatively, half of the current lines AVAD sells will no longer be available for sale, the impact would be as follows:

# Impact on AVAD

- Loss of \$15,000,000 in displays sales for the year
- Sales tax loss to the State on the above  
[ \$15,000,000 (dealer) x 20% (retail price) x 7.5% (sales tax) ] is \$1,350,000
- The loss of associative product AVAD sales (audio, video source components, etc.) based on the assumption that the video display constitutes 30% of an average system sale is \$60,000,000
- Sales tax loss to the State on total system sales is \$4,500,000

# Impact on All Distribution

- AVAD has 40% of the distribution market in CA
- Dealer/Installers purchase conservatively 40% of total CE products through distribution
- Total sales tax on displays through distribution would be \$3.375M
- Total sales tax loss on associative products \$8.437M
- All sources: Assuming distribution is 40% of all dealer/installer CE products tax loss is \$21M